

# **The Ohio Historical Society and Affiliate**

*Consolidated Audited Financial Statements  
For the years ended  
June 30, 2006 and 2005*





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Ohio Historical Society and Affiliate  
1982 Velma Avenue  
Columbus, Ohio 43211

We have reviewed the *Independent Auditors' Report* of the Ohio Historical Society and Affiliate, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Historical Society and Affiliate is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 29, 2007

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**CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditors' Report.....	1-2
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities and Changes in Net Assets - 2006 .....	4
Consolidated Statements of Activities and Changes in Net Assets - 2005 .....	5
Consolidated Statements of Cash Flows .....	6
Notes to the Financial Statements .....	7-15
<b><u>Supplementary Financial Information:</u></b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	16-17
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	18-19
Schedule of Expenditures of Federal Awards .....	20
Notes to the Schedule of Expenditures of Federal Awards.....	21
Schedule of Findings and Questioned Costs .....	22
Schedule of Prior Audit Findings .....	23
<b><u>Additional Information:</u></b>	
Consolidating Statement of Financial Position - 2006.....	24
Consolidating Statement of Financial Position - 2005.....	25
Consolidating Statement of Activities and Changes in Net Assets - 2006 .....	26
Consolidating Statement of Activities and Changes in Net Assets - 2005 .....	27

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*We're Ready For Your Future*

August 24, 2006

To the Board of Directors  
The Ohio Historical Society and Affiliate  
Columbus, Ohio

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated statements of financial position of The Ohio Historical Society and Affiliate (the Organization) as of June 30, 2006 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of The Ohio Historical Society and Affiliate for the year ended June, 30, 2005 were audited by other auditors whose report, dated August 26, 2005, included an explanatory paragraph that expressed a qualified opinion on those statements based on the Organization's practice, until June 30, 1997, of charging the acquisition costs of property and equipment to expense when purchased.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Organization until June 30, 1997 had followed the practice of charging the acquisition cost of property to expense when purchased. Accounting principles generally accepted in the United States of America require that all such purchases be capitalized when purchased and depreciated over their estimated useful lives. The effects on the consolidated financial statements of the Organization's practice are not reasonably determinable.

In our opinion, except for the effects of not capitalizing and depreciating all property and equipment purchases as discussed in the preceding paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Ohio Historical Society and Affiliate as of June 30, 2006 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2006 on our consideration of The Ohio Historical Society and Affiliate's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of the Organization taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The accompanying consolidating financial statements as of and for the years ended June 30, 2006 and 2005 are presented for the purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*Rea & Associates, Inc.*

Rea & Associates, Inc.



THE OHIO HISTORICAL SOCIETY AND AFFILIATE  
 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2006 AND 2005

	June 30, 2006			June 30, 2005				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>ASSETS</b>								
<b>CURRENT ASSETS:</b>								
Cash and cash equivalents	\$ 2,543,371	\$ 373,350	\$ 405,682	\$ 3,322,383	\$ 4,719,706	\$ 1,182,153	\$ 683,376	\$ 6,585,235
Receivables:								
Grants	482,220	-	-	482,220	263,871	-	-	263,871
Contracts	2,254,250	-	-	2,254,250	931,777	-	-	931,777
Contributions	-	147,744	-	147,744	-	312,258	-	312,258
Other	27,427	-	-	27,427	58,518	1,359	-	59,877
Inventory, net of allowance of \$65,500 and \$146,300	489,857	-	-	489,857	504,737	-	-	504,737
Accrued interest receivable and other assets	205,097	34,199	-	239,296	107,163	39,730	-	146,893
Total current assets	6,002,222	555,273	405,682	6,963,177	6,585,772	1,535,500	683,376	8,804,648
<b>PROPERTY AND EQUIPMENT, net</b>	494,865	-	-	494,865	322,006	-	-	322,006
<b>LONG-TERM INVESTMENTS</b>	4,749,479	3,216,087	3,217,986	11,183,552	3,311,895	1,720,523	2,685,451	7,717,869
Total assets	\$ 11,246,566	\$ 3,771,360	\$ 3,623,668	\$ 18,641,594	\$ 10,219,673	\$ 3,256,023	\$ 3,368,827	\$ 16,844,523
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES:</b>								
Accounts payable	\$ 1,343,881	\$ -	\$ -	\$ 1,343,881	\$ 694,032	\$ -	\$ -	\$ 694,032
Accrued salaries and wages and other accrued liabilities	1,416,790	-	-	1,416,790	1,262,407	-	-	1,262,407
Accrued leave liability	1,452,013	-	-	1,452,013	1,331,434	-	-	1,331,434
Deferred state support	17,035	-	-	17,035	19,930	-	-	19,930
Deferred subscription and other revenue	528,881	-	-	528,881	494,460	-	-	494,460
Total current liabilities	4,758,600	-	-	4,758,600	3,802,263	-	-	3,802,263
<b>NET ASSETS:</b>								
Operations	3,904,843	2,557,812	-	6,462,655	3,947,856	2,228,356	-	6,176,212
Board designated:								
Reserves	477,613	-	-	477,613	471,255	-	-	471,255
Specific programs and projects	629,380	-	-	629,380	712,351	-	-	712,351
Ohio Bicentennial Commission	-	276,027	-	276,027	-	298,370	-	298,370
Endowment fund balance	-	-	3,623,668	3,623,668	-	-	3,368,827	3,368,827
Quasi-Endowment	1,476,130	937,521	-	2,413,651	1,285,948	729,297	-	2,015,245
Total net assets	6,487,966	3,771,360	3,623,668	13,882,994	6,417,410	3,256,023	3,368,827	13,042,260
Total liabilities and net assets	\$ 11,246,566	\$ 3,771,360	\$ 3,623,668	\$ 18,641,594	\$ 10,219,673	\$ 3,256,023	\$ 3,368,827	\$ 16,844,523

See notes to the financial statements.

CONSOLIDATED STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT:</b>				
State appropriations:				
Operating subsidies	\$ 12,738,383	\$ -	\$ -	\$ 12,738,383
Capital projects	2,958,354	-	-	2,958,354
Government contracts and grants	1,847,494	-	-	1,847,494
Private contracts and grants	132,933	-	-	132,933
Contributions	265,829	427,140	53,564	746,533
Contributed materials and services	694,123	-	-	694,123
Other support	41,086	11,000	2,000	54,086
	<hr/>	<hr/>	<hr/>	<hr/>
Total support	18,678,202	438,140	55,564	19,171,906
<b>REVENUE:</b>				
Sales	728,584	-	-	728,584
Investment income	350,702	137,753	15,933	504,388
Admissions and parking	650,290	-	-	650,290
Memberships and subscriptions	371,633	-	-	371,633
Special events	107,228	-	-	107,228
Program services income	444,086	-	-	444,086
Other revenue	120,804	-	-	120,804
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	2,773,327	137,753	15,933	2,927,013
Net assets released from restriction	550,136	(550,136)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total support and revenue	22,001,665	25,757	71,497	22,098,919
<b>EXPENSES:</b>				
Program expenses:				
Site operations, educational and interpretive programs	10,321,489	-	-	10,321,489
State archives and library	1,748,359	-	-	1,748,359
Historic preservation office	1,482,932	-	-	1,482,932
Capital projects	2,958,322	-	-	2,958,322
Support services:				
Management and general	4,178,150	-	-	4,178,150
Business ventures	730,935	-	-	730,935
Fundraising	432,137	-	-	432,137
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	21,852,324	-	-	21,852,324
Changes in net assets before changes related to collection items not capitalized and change in net realized and unrealized gains and losses on investments	149,341	25,757	71,497	246,595
Collection items purchased but not capitalized	(36,928)	-	-	(36,928)
Net realized and unrealized gains (losses)	434,311	200,110	(3,354)	631,067
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in net asset before transfer	546,724	225,867	68,143	840,734
Transfer of fund restrictions	(476,168)	289,470	186,698	-
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in net assets	70,556	515,337	254,841	840,734
NET ASSETS, beginning of year	6,417,410	3,256,023	3,368,827	13,042,260
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NET ASSETS, end of year	\$ 6,487,966	\$ 3,771,360	\$ 3,623,668	\$ 13,882,994

See notes to the financial statements.



CONSOLIDATED STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT:</b>				
State appropriations:				
Operating subsidies	\$ 12,488,385	\$ -	\$ -	\$ 12,488,385
Capital projects	1,982,862	-	-	1,982,862
Ohio Bicentennial Commission	-	56,419	-	56,419
Ohio Bicentennial Commission - other support	-	26,511	-	26,511
Government contracts and grants	1,553,007	-	-	1,553,007
Private contracts and grants	145,902	-	-	145,902
Contributions	369,677	635,199	59,674	1,064,550
Contributed materials and services	806,224	-	-	806,224
Other support	43,974	6,000	5,000	54,974
<b>Total support</b>	<b>17,390,031</b>	<b>724,129</b>	<b>64,674</b>	<b>18,178,834</b>
<b>REVENUE:</b>				
Sales	600,973	-	-	600,973
Investment income	192,556	89,896	-	282,452
Admissions and parking	622,778	-	-	622,778
Memberships and subscriptions	312,923	-	-	312,923
Special events	12,566	-	-	12,566
Program services income	518,971	-	-	518,971
Other revenue	122,978	-	-	122,978
<b>Total revenue</b>	<b>2,383,745</b>	<b>89,896</b>	<b>-</b>	<b>2,473,641</b>
Net assets released from restriction	785,938	(785,938)	-	-
<b>Total support and revenue</b>	<b>20,559,714</b>	<b>28,087</b>	<b>64,674</b>	<b>20,652,475</b>
<b>EXPENSES:</b>				
Program expenses:				
Site operations, educational and interpretive programs	10,251,782	-	-	10,251,782
State archives and library	1,742,103	-	-	1,742,103
Historic preservation office	1,609,583	-	-	1,609,583
Capital projects	1,849,045	-	-	1,849,045
Ohio Bicentennial Commission	372,223	-	-	372,223
Support services:				
Management and general	2,842,467	-	-	2,842,467
Business ventures	318,604	-	-	318,604
Early retirement incentive program	94,476	-	-	94,476
Fundraising	392,552	-	-	392,552
<b>Total expenses</b>	<b>19,472,835</b>	<b>-</b>	<b>-</b>	<b>19,472,835</b>
Changes in net assets before changes related to collection items not capitalized and change in net realized and unrealized gains and losses on investments	1,086,879	28,087	64,674	1,179,640
Collection items purchased but not capitalized	(30,721)	-	-	(30,721)
Net realized and unrealized gains (losses)	533,040	-	-	533,040
<b>Changes in net asset before transfer</b>	<b>1,589,198</b>	<b>28,087</b>	<b>64,674</b>	<b>1,681,959</b>
Transfer of fund restrictions	9,415	(120,000)	110,585	-
<b>Changes in net assets</b>	<b>1,598,613</b>	<b>(91,913)</b>	<b>175,259</b>	<b>1,681,959</b>
<b>NET ASSETS, beginning of year</b>	<b>4,818,797</b>	<b>3,347,936</b>	<b>3,193,568</b>	<b>11,360,301</b>
<b>NET ASSETS, end of year</b>	<b>\$ 6,417,410</b>	<b>\$ 3,256,023</b>	<b>\$ 3,368,827</b>	<b>\$ 13,042,260</b>

See notes to the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 840,734	\$ 1,681,959
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Realized and unrealized gain on investments	(631,067)	(533,040)
Depreciation	112,472	106,905
Contributions restricted for long-term investments	(53,564)	(59,674)
Loss on disposal of property and equipment	12,257	-
(Increase) decrease in operating assets:		
Receivables	(1,343,858)	(391,982)
Inventory	14,880	7,194
Accrued interest receivable and other assets	(92,403)	200,016
Increase (decrease) in operating liabilities:		
Accounts payable	649,849	183,806
Accrued salaries and wages and other accrued liabilities	154,383	(119,261)
Accrued leave liability	120,579	(268,932)
Deferred state support	(2,895)	(103)
Deferred subscription and other revenue	34,421	148,008
Net cash provided by (used in) operating activities	(184,212)	954,896
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of long-term investments and reinvested interest and dividends	(11,484,079)	(688,273)
Proceeds from the sale and maturity of long-term investments	8,649,463	1,012,372
Payments for the purchase of property and equipment	(297,588)	(110,099)
Net cash provided by (used in) investing activities	(3,132,204)	214,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions designated for endowment purposes	53,564	59,674
Net cash provided by financing activities	53,564	59,674
Net increase (decrease) in cash and cash equivalents	(3,262,852)	1,228,570
CASH AND CASH EQUIVALENTS, beginning of year	6,585,235	5,356,665
CASH AND CASH EQUIVALENTS, end of year	\$ 3,322,383	\$ 6,585,235

**SUPPLEMENTAL NON-CASH TRANSACTIONS**

During 2006 and 2005, donors of the Organization redesignated \$476,168 and \$120,000, respectively, of unrestricted net assets to temporarily and permanently restricted net assets.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: ORGANIZATION

The Ohio Historical Society (the Society) was incorporated in 1885 as a private nonprofit organization. The Society conducts programs that identify, authenticate, collect, preserve, educate and interpret records, objects and places related to the State of Ohio's pre-history, history and natural history and publishes a historical journal, a magazine, books and pamphlets. The Society has been authorized and directed by numerous acts of the General Assembly of Ohio to perform certain functions such as manage the State's historic preservation program, supervise the State archives and a major history library, and act as custodian and administrator of certain historic sites owned by the State. The Society operates several museums and sites (some of which are owned by the Society) throughout the State. The Society is governed by a board of trustees comprised of 21 members serving three-year staggered terms. Nine members of the board are elected by the Society's membership, nine members are appointed by the governor of the State, and three members are appointed by the Society's board.

The Ohio Historical Society Foundation (the Affiliate) is a nonprofit corporation established in 1983 to assist the Society in its fundraising activities. The Foundation seeks, accepts and manages private contributions from organizations and individuals who believe in the preservation of Ohio's historical, natural and archeological heritage. It also applies for certain types of grants, both public and private, that serve the purposes for which the Society and Foundation were organized. Conestoga, a volunteer support group, was established by the Foundation to organize and carry out certain fundraising activities on behalf of the Foundation. The accounts of the Foundation, including Conestoga, are included in these consolidated financial statements.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Society and Affiliate (collectively, the Organization) have been prepared on the accrual basis of accounting, except as discussed below in the property and equipment section of this Note. The significant accounting policies followed are described below.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups according to their nature, purpose, and donor-imposed restrictions and/or conditions.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash at financial institutions and financial instruments with an original maturity of 90 days or less.



## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. The allowance for doubtful accounts was \$20,300 and \$22,600 as of June 30, 2006 and 2005, respectively. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change.

Inventory

Inventory items consist of supplies and resale merchandise, and are valued at the lower of cost (first-in, first-out method) or market.

Property and Equipment

The Organization capitalizes the cost of property and equipment when incurred.

Classes of assets are:

- Land
- Land renovations and improvements
- Buildings
- Building renovations and improvements
- Machinery and equipment
- Motor vehicles, and
- Construction-in-progress

Equipment is depreciated over the assets' useful life and the expense charged against operations. Depreciation is calculated using the straight-line method.

The Organization, until June 30, 1997 had followed the practice of charging the acquisition cost of property to expense when purchased. Accounting principles generally accepted in the United States of America require that all such purchases be capitalized when purchased and depreciated over their estimated useful lives.

Accrued Leave Liability

Vacation leave is earned by employees based on number of years of service and can be accumulated to a maximum that can be earned in four years of service (up to 800 hours), although upon termination, a maximum of three years (up to 600 hours) is paid out. Sick leave and personal leave are earned based on hours worked during the year. Sick leave accumulates without limit, while personal leave accumulates to a maximum of 40 hours.

Employees may elect to be paid in cash for unused sick and personal leave annually (up to 56 and 40 hours, respectively). Employees are paid for all unused leave upon termination. When paid in cash, vacation and personal leave are paid at the employee's current hourly rate, while sick leave is paid at 50% of the current hourly rate.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Subsidies

The Organization receives grants from various government agencies. Revenue is recognized when earned, which is at the time qualifying expenses are incurred. The Organization's grant support activity is subject to review by the granting entities. The Organization also receives significant subsidies from the State of Ohio.

Subsidies appropriated to defray operational costs (mandated under Section 149.3 of the Ohio Revised Code) are recognized as unrestricted support when received, or in the case of the Ohio Bicentennial Commission, as temporarily restricted support. Subsidies appropriated for capital improvements are recognized as support at the time related expenditures are made. Any excess of receipts over expenditures for State capital improvement appropriations or government grants is recorded as deferred support.

Contributions and Memberships

Contributions are recorded as support when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All membership receipts, including subscription revenues, are deferred and recognized over the period to which the memberships related.

Collections and Exhibits

Purchased and contributed collection and library objects are not included in the statement of financial position. No amounts are included in the statement of activity and changes in net assets for contributed collection objects because reasonable estimates of value are generally not available due to the nature of the objects. Donated items fall in the category of works of art, historical treasures and similar assets. (See Note 9).

Board-Designated Net Assets

Board-designated net assets are composed of net assets earmarked as reserves and for various programs and projects. The Board of Trustees can, at its discretion, change the intent and purpose as to how these funds are utilized.

Classification of Net Assets

As required by Statement of Financial Accounting Standards No. 117, resources are classified into three net asset categories according to donor-imposed restrictions. A description of the categories follows:

Unrestricted - Net assets that are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted - Net assets whose use by the Organization is limited by the donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Organization.

Permanently Restricted - Net assets whose use by the Organization is permanently limited by donor-imposed stipulations.



## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Quasi-Endowment Funds

The Organization maintains quasi-endowment funds, which contain a portion of undistributed earnings from a previous challenge grant and other unrestricted contributions earmarked as quasi-endowment by the Organization's Board of Trustees.

Contributed Facilities, Services and Materials

The Organization occupies, without charge, certain administrative offices owned by the State of Ohio. A substantial number of individuals have made significant contributions of their time to Organization programs. The Organization received in-kind contributions of services and materials that are reflected in the financial statements at their estimated fair value. The value of these contributions is reflected in the consolidated statement of activity and changes in net assets as contributed materials and services and as program expenses. A breakdown of the kind of service volunteered, associated hours and estimated value as shown below.

Kind of Service	2006		2005	
	Hours Contributed	Estimated Value	Hours Contributed	Estimated Value
Interpretive Services	39,131	\$ 436,305	46,114	\$ 461,135
Collection/Curatorial Services	3,173	42,222	3,788	55,382
Maintenance	2,794	27,935	5,930	59,303
Research	1,365	19,031	6,068	91,020
Clerical Services	8,667	96,637	3,836	57,533
Gift Shop/Sales	1,816	14,978	783	7,832
Fundraising	350	25,676	816	45,058
All Other Services	2,028	31,339	2,025	28,961
Total	59,324	\$ 694,123	69,360	\$ 806,224

The Organization received other in-kind contributions of services that are not reflected in the consolidated financial statements since they do not meet the recognition criteria in Statement of Financial Accounting Standards No. 116.

Salary Deferral Plans

Employees of the Organization are eligible to participate, on a voluntary basis, in several salary deferral plans that permit the deferral of compensation to future years. These plans are covered by either Section 457 or Section 403(b) of the Internal Revenue Code. All deferred compensation is paid to third-party administrators.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is required.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 3: CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30 are comprised of:

	2006	2005
Cash	\$ 2,129,777	\$ 1,685,635
Money Market Funds - All Others	1,192,606	3,635,923
Money Market Funds - STAR Ohio	-	1,263,677
Total	<u>\$ 3,322,383</u>	<u>\$ 6,585,235</u>

Concentration of Financial Risk

As of June 30, 2006 and 2005, the Organization had bank deposits that were in excess of the federally insured limit. The realization of these deposits depends upon the stability of the financial institution with which the Organization conducts business. The Organization also has investments in securities that are subject to fluctuation in market value.

## NOTE 4: LONG-TERM INVESTMENTS

Long-term investments are presented in the financial statements at market (fair value). Long-term investments primarily consist of an internally managed portfolio of mutual funds. The Organization has the ability to hold all certificates of deposit until maturity.

Long-term investments at June 30 consist of:

	2006		2005	
	Cost	Market	Cost	Market
Certificates of Deposit	\$ 149,000	\$ 149,000	\$ 449,007	\$ 449,007
Common and Preferred Stocks	-	1,165	2,984,700	3,432,812
Corporate and State Gov't Bonds	-	-	944,056	978,736
Diamond Hill Focus Fund	-	-	1,769,635	2,857,314
Mutual funds	10,990,378	11,033,387	-	-
Total	<u>\$ 11,139,378</u>	<u>\$11,183,552</u>	<u>\$ 6,147,398</u>	<u>\$ 7,717,869</u>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 4: LONG-TERM INVESTMENTS (Continued)

Investment returns for the years ended June 30 are as follows:

	2006	2005
Interest and Dividends	\$ 504,388	\$ 282,452
Realized Gains	2,263,470	36,828
Unrealized (Losses) Gains	(1,632,403)	496,212
Total	<u>\$ 1,135,455</u>	<u>\$ 815,492</u>

At June 30, 2006 and 2005, the Organization had on deposit with the Ohio Bureau of Employment Services \$149,000 of Certificates of Deposit (recorded as long-term investments in unrestricted funds). This deposit is collateral for unemployment repayments and is required by State statute for reimbursing employers.

## NOTE 5: CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30 consist of the following:

Contributions Receivable	2006	2005
From individuals	\$ 98,272	\$ 148,269
From corporations	80,400	193,250
Contributions receivable before unamortized discount	<u>178,672</u>	<u>341,519</u>
Less: Unamortized discount	(10,592)	(6,696)
Less: Allowance for doubtful accounts	(20,336)	(22,565)
Net contributions receivable	<u>\$ 147,744</u>	<u>\$ 312,258</u>
Amounts due in:		
Less than one year	\$ 4,130	\$ 176,552
One to five years	174,542	164,967
Less: Unamortized discount	(10,592)	(6,696)
Less: Allowance for doubtful accounts	(20,336)	(22,565)
Total	<u>\$ 147,744</u>	<u>\$ 312,258</u>

## NOTE 6: PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Organization contributes to the Public Employees Retirement System of Ohio (System), a cost-sharing, multiple-employer public employee retirement system administered by the Public Employees Retirement Board. The System provides basic retirement benefits, disability, survivor and healthcare benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System.



## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 6: PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Plan members, Organization employees, are required to contribute 8.5% (9% effective January 1, 2006) of their annual covered salary to fund pension obligations, and the Organization is required to contribute 13.31% (13.54% effective January 1, 2006) in 2006 and 2005. Contributions are authorized by State statute, and the contribution rates are determined actuarially. The Organization's contributions to the System for the years ended June 30, 2006 and 2005 were approximately \$1,332,000 and \$1,211,000, respectively, equal to the required contributions for each year.

Post-Employment Benefits Other Than Pension Benefits

The System also provides post-retirement healthcare coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. A portion of each employer's contribution to the System is set aside for the funding of post-retirement healthcare. The Ohio Revised Code provides statutory authority for employer contributions. The fiscal years 2006 and 2005 employer contribution rates were 13.31% (13.54% effective January 1, 2006) of covered payroll; 4.3% (4.5% effective January 1, 2006) was the portion that was used to fund healthcare for both years.

The Ohio Revised Code provides the statutory authority permitting public employers to fund post-retirement healthcare through their contributions to the System.

The System's audited estimated net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$69,650 million.

## NOTE 7: STATE CAPITAL APPROPRIATIONS

As of June 30, 2006, the Organization still has available for future use bond money appropriated to the Ohio Cultural Facilities Commission from the State for various capital projects in the amount of \$5,840,000. Budgetary restrictions imposed by the State may reduce the amount of funds actually available.

## NOTE 8: NET ASSETS

As of June 30, 2006 and 2005, temporarily restricted net assets are all available for future year operations. Amounts are as follows:

<u>Temporarily Restricted Net Assets</u>	<u>2006</u>	<u>2005</u>
Ohio Bicentennial Commission	\$ 276,027	\$ 298,370
For specific sites and programs	2,557,812	2,228,356
Quasi-Endowment	937,521	729,297
Total	<u>\$ 3,771,360</u>	<u>\$ 3,256,023</u>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 8: NET ASSETS (Continued)

Net assets were released from donor restrictions during fiscal years 2006 and 2005 by the passage of time, incurring expenses satisfying purpose restrictions or fulfilling performance requirements specified by donors as follows:

<u>Net Assets Released From Donor Restrictions</u>	<u>2006</u>	<u>2005</u>
Ohio Bicentennial Commission	\$ 22,343	\$ 372,223
For specific sites and purposes	527,793	413,715
Total	<u>\$ 550,136</u>	<u>\$ 785,938</u>

As of June 30, permanently restricted net assets consist of endowment fund assets to be held in perpetuity. Principal amounts are as follows:

<u>Permanently Restricted Net Assets</u>	<u>2006</u>	<u>2005</u>
No restrictions on use of income	\$ 825,336	\$ 825,336
For specific sites and purposes	2,798,332	2,543,491
- Total	<u>\$ 3,623,668</u>	<u>\$ 3,368,827</u>

## NOTE 9: COLLECTIONS AND EXHIBITS

The Organization does not capitalize its artifacts and collections. The Organization's museum collections consist of approximately 2,300,000 objects divided into three broad categories: archaeology, natural history, and history. The archaeological collection contains objects from all prehistoric cultures in the Midwest. The natural history collection preserves representative specimens of mineral, flora, fauna and fossils from the region that is now Ohio. The history collection documents the people, events and activities of Ohio's historic period from 1650 to the present. The library contains one of the largest museum collections of books, microfilm, manuscripts, maps, state and local government records, newspapers, photographs, films, videos and recordings.

The Organization has a formal collection policy that addresses the acquisition, use and disposition of objects as well as guidelines for making and receiving loans.

The Organization had no material deaccessions during fiscal years 2006 and 2005.



## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 10: PROPERTY AND EQUIPMENT

Equipment capitalized and accumulated depreciation at June 30 are as follows:

	<u>2006</u>	<u>2005</u>
Machinery and equipment	\$ 928,772	\$ 634,726
Vehicles	350,984	415,450
Buildings	3,540	-
Gross fixed assets	<u>1,283,296</u>	<u>1,050,176</u>
Less: accumulated depreciation	<u>(788,431)</u>	<u>(728,170)</u>
Net book value	<u>\$ 494,865</u>	<u>\$ 322,006</u>

Depreciation expense for the years ended June 30, 2006 and 2005 approximated \$112,000 and \$107,000, respectively.

## NOTE 11: COMMITMENTS AND CONTINGENCIES

The Organization is committed to certain levels of cost sharing (matching) pertaining to specific federal grants, and its obligation to complete various ongoing capital projects.

The Organization is subject to certain legal claims and matters incurred in the normal course of business. Management believes the impact of any outstanding matters as of June 30, 2006 will not have a material adverse effect on the Organization's financial position and results of operations.

# Rea & Associates, Inc.

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*We're Ready For Your Future*

August 24, 2006

To the Board of Directors  
The Ohio Historical Society and Affiliate  
Columbus, Ohio

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the consolidated financial statements of The Ohio Historical Society and Affiliate (the Organization) as of and for the year ended June 30, 2006 and have issued our report thereon dated August 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters that we have reported to management of The Ohio Historical Society and Affiliate in a separate letter dated August 24, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, Auditor of State of Ohio, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

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*We're Ready For Your Future*

August 24, 2006

To the Board of Directors  
The Ohio Historical Society and Affiliate  
Columbus, Ohio

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB A-133

Compliance

We have audited the compliance of The Ohio Historical Society and Affiliate (the Organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2006. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.



### Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, Auditor of State of Ohio, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

Rea & Associates, Inc.



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Federal Disbursements
<b>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>		
National Historical Publications and Records Commission:		
Ohio Historical Records Advisory Board Planning	89-003	\$ 4,357
		<u>4,357</u>
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</b>		
General Operating Support	45.301	82,928
<b>DEPARTMENT OF EDUCATION thru Columbus Public Schools</b>		
Teaching American History Grant (Contract with Columbus Public Schools)	84.215x	23,996
History in the Heartland (Contract with Mid-Ohio Educational Service Center)	84.215x	58,757
History Works II (Contract with Columbus Public Schools)	84.215x	50,428
Think History	84.215x	88,899
		<u>222,080</u>
<b>DEPARTMENT OF THE INTERIOR</b>		
U.S. Fish and Wildlife Service	15.FFC	39,148
National Park Service - Buffington Island Battlefield Plan	15.904	30,381
National Park Service - Grant Boyhood Home	15.904	238,516
National Park Service - Save America's Treasures	15.904	156,709
National Park Service - John Rankin House	15.904	18,866
National Park Service - Dunbar ADA Access	15.904	5,765
		<u>489,385</u>
National Historical Preservation Act		
Historic Preservation Fund	15.904	41,150
Historic Preservation Fund	15.904	186,226
Historic Preservation Fund	15.904	65,585
Historic Preservation Fund	15.904	476,896
		<u>769,857</u>
<b>FEDERAL HIGHWAY ADMINISTRATION</b>		
Morgan's Raiders Highway Markers (Contract with ODOT)	20.205	5,000
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>		
Mounds, Earthworks, and the Pre-History of the Ohio Valley	45.168	6,229
<b>TOTAL</b>		<u>\$ 1,579,836</u>

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant transactions of The Ohio Historical Society and Affiliate (the Organization) recorded on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

## NOTE 2: SUBRECIPIENTS

Of the federal expenditures presented in the accompanying schedule, the Organization provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
National Historic Preservation Act	15.904	\$ 69,571

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 , Section .505  
 JUNE 30, 2006

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
(d) (1) (i)	Type of Financial Statement Opinion	Qualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Historic Preservation Fund
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None were noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted

SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS

No matters reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.



THE OHIO HISTORICAL SOCIETY AND AFFILIATE  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2006

	Ohio Historical Society			Ohio Historical Society Foundation			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents	\$ 1,512,022	\$ 276,027	\$ -	\$ 1,031,349	\$ 97,303	\$ 405,682	\$ 1,534,334
Receivables:							
Grants	482,220	-	-	-	-	-	-
Contracts	2,254,250	-	-	-	-	-	-
Contributions	-	-	-	7,397	147,744	-	147,744
Other	193,323	-	-	-	-	-	7,397
Inventory, net of allowance of \$65,500	489,857	-	-	-	-	-	-
Accrued interest receivable and other assets	205,097	-	-	-	34,199	-	34,199
Total current assets	5,136,769	276,027	-	1,038,746	279,246	405,682	1,723,674
<b>PROPERTY AND EQUIPMENT, net</b>	494,865	-	-	-	-	-	-
<b>LONG-TERM INVESTMENTS</b>	1,513,250	-	-	3,236,229	3,216,087	3,217,986	9,670,302
Total assets	\$ 7,144,884	\$ 276,027	\$ -	\$ 4,274,975	\$ 3,495,333	\$ 3,623,668	\$ 11,393,976
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES:</b>							
Accounts payable	\$ 1,344,173	\$ -	\$ -	\$ 165,978	\$ -	\$ -	\$ 165,978
Accrued salaries and wages and other accrued liabilities	1,416,790	-	-	-	-	-	-
Accrued leave liability	1,452,013	-	-	-	-	-	-
Deferred state support	17,035	-	-	-	-	-	-
Deferred subscription and other revenue	535,904	-	-	-	-	-	-
Total current liabilities	4,765,915	-	-	165,978	-	-	165,978
<b>NET ASSETS:</b>							
Operations	1,271,976	-	-	2,632,867	2,557,812	-	5,190,679
Board designated	-	-	-	-	-	-	-
Reserves	477,613	-	-	-	-	-	-
Specific programs and projects	629,380	-	-	-	-	-	-
Ohio Bicentennial Commission	-	276,027	-	-	-	-	-
Endowment fund balance	-	-	-	-	-	-	-
Quasi-Endowment	-	-	-	1,476,130	937,521	3,623,668	3,623,668
Total net assets	2,378,969	276,027	-	4,108,997	3,495,333	3,623,668	11,227,998
Total liabilities and net assets	\$ 7,144,884	\$ 276,027	\$ -	\$ 4,274,975	\$ 3,495,333	\$ 3,623,668	\$ 11,393,976

	Combined Total			Intercompany Adjustments			Consolidated Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	OHS	OHSF	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>ASSETS</b>										
<b>CURRENT ASSETS:</b>										
Cash and cash equivalents	\$ 2,543,371	\$ 373,330	\$ 405,682	\$ 3,322,383	\$ -	\$ -	\$ 2,543,371	\$ 373,330	\$ 405,682	\$ 3,322,383
Receivables:										
Grants	482,220	-	-	482,220	-	-	482,220	-	-	482,220
Contracts	2,254,250	-	-	2,254,250	-	-	2,254,250	-	-	2,254,250
Contributions	-	147,744	-	147,744	-	-	-	147,744	-	147,744
Other	200,720	-	-	200,720	(173,293)	-	27,427	-	-	27,427
Inventory, net of allowance of \$65,500	489,857	-	-	489,857	-	-	489,857	-	-	489,857
Accrued interest receivable and other assets	205,097	34,199	-	239,296	-	-	205,097	34,199	-	239,296
Total current assets	6,175,515	555,273	405,682	7,136,470	(173,293)	-	6,002,222	555,273	405,682	6,963,177
<b>PROPERTY AND EQUIPMENT, net</b>	494,865	-	-	494,865	-	-	494,865	-	-	494,865
<b>LONG-TERM INVESTMENTS</b>	4,749,479	3,216,087	3,217,986	11,183,552	-	-	4,749,479	3,216,087	3,217,986	11,183,552
Total assets	\$ 11,419,859	\$ 3,771,360	\$ 3,623,668	\$ 18,814,887	\$ (173,293)	\$ -	\$ 11,246,566	\$ 3,771,360	\$ 3,623,668	\$ 18,641,594
<b>LIABILITIES AND NET ASSETS</b>										
<b>CURRENT LIABILITIES:</b>										
Accounts payable	\$ 1,510,151	\$ -	\$ -	\$ 1,510,151	\$ -	\$ (166,270)	\$ 1,343,881	\$ -	\$ -	\$ 1,343,881
Accrued salaries and wages and other accrued liabilities	1,416,790	-	-	1,416,790	-	-	1,416,790	-	-	1,416,790
Accrued leave liability	1,452,013	-	-	1,452,013	-	-	1,452,013	-	-	1,452,013
Deferred state support	17,035	-	-	17,035	-	-	17,035	-	-	17,035
Deferred subscription and other revenue	535,904	-	-	535,904	-	(7,023)	528,881	-	-	528,881
Total current liabilities	4,931,893	-	-	4,931,893	-	(173,293)	4,758,600	-	-	4,758,600
<b>NET ASSETS:</b>										
Operations	3,904,843	2,557,812	-	6,462,655	-	-	3,904,843	2,557,812	-	6,462,655
Board designated										
Reserves	477,613	-	-	477,613	-	-	477,613	-	-	477,613
Specific programs and projects	629,380	-	-	629,380	-	-	629,380	-	-	629,380
Ohio Bicentennial Commission	-	276,027	-	276,027	-	-	-	276,027	-	276,027
Endowment fund balance	-	-	3,623,668	3,623,668	-	-	-	-	3,623,668	3,623,668
Quasi-Endowment	1,476,130	937,521	-	2,413,651	-	-	1,476,130	937,521	-	2,413,651
Total net assets	6,487,966	3,771,360	3,623,668	13,882,994	-	-	6,487,966	3,771,360	3,623,668	13,882,994
Total liabilities and net assets	\$ 11,419,859	\$ 3,771,360	\$ 3,623,668	\$ 18,814,887	\$ -	\$ (173,293)	\$ 11,246,566	\$ 3,771,360	\$ 3,623,668	\$ 18,641,594

See Independent Auditors' Report and notes to the financial statements.



	Combined Total			Intercompany Adjustments			Consolidated Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	OHIS	OHSE	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>ASSETS</b>										
<b>CURRENT ASSETS:</b>										
Cash and cash equivalents	\$ 4,719,706	\$ 1,182,153	\$ 683,376	\$ 6,585,235	\$ -	\$ -	\$ 4,719,706	\$ 1,182,153	\$ 683,376	\$ 6,585,235
Receivables:										
Grants	263,871	-	-	263,871	-	-	263,871	-	-	263,871
Contracts	931,777	-	-	931,777	-	-	931,777	-	-	931,777
Contributions	-	312,258	-	312,258	-	-	-	312,258	-	312,258
Other	171,135	1,359	-	172,494	(112,617)	-	58,518	1,359	-	59,877
Inventory, net of allowance of \$146,300	504,737	-	-	504,737	-	-	504,737	-	-	504,737
Accrued interest receivable and other assets	107,163	39,730	-	146,893	-	-	107,163	39,730	-	146,893
Total current assets	6,698,389	1,535,500	683,376	8,917,265	(112,617)	-	6,585,772	1,535,500	683,376	8,804,648
<b>PROPERTY AND EQUIPMENT, net</b>	322,006	-	-	322,006	-	-	322,006	-	-	322,006
<b>LONG-TERM INVESTMENTS</b>	3,311,895	1,720,523	2,685,451	7,717,869	-	-	3,311,895	1,720,523	2,685,451	7,717,869
Total assets	\$ 10,332,290	\$ 3,256,023	\$ 3,368,827	\$ 16,957,140	\$ (112,617)	\$ -	\$ 10,219,673	\$ 3,256,023	\$ 3,368,827	\$ 16,844,523
<b>LIABILITIES AND NET ASSETS</b>										
<b>CURRENT LIABILITIES:</b>										
Accounts payable	\$ 806,649	\$ -	\$ -	\$ 806,649	\$ -	\$ (112,617)	\$ 694,032	\$ -	\$ -	\$ 694,032
Accrued salaries and wages and other accrued liabilities	1,262,407	-	-	1,262,407	-	-	1,262,407	-	-	1,262,407
Accrued leave liability	1,331,434	-	-	1,331,434	-	-	1,331,434	-	-	1,331,434
Deferred state support	19,930	-	-	19,930	-	-	19,930	-	-	19,930
Deferred subscription and other revenue	494,460	-	-	494,460	-	-	494,460	-	-	494,460
Total current liabilities	3,914,880	-	-	3,914,880	-	(112,617)	3,802,263	-	-	3,802,263
<b>NET ASSETS:</b>										
Operations	3,947,856	2,228,356	-	6,176,212	-	-	3,947,856	2,228,356	-	6,176,212
Board designated										
Reserves	471,255	-	-	471,255	-	-	471,255	-	-	471,255
Specific programs and projects	712,351	-	-	712,351	-	-	712,351	-	-	712,351
Ohio Bicentennial Commission	-	298,370	-	298,370	-	-	-	298,370	-	298,370
Endowment fund balance	-	-	3,368,827	3,368,827	-	-	-	-	3,368,827	3,368,827
Quasi-Endowment	1,285,948	729,297	-	2,015,245	-	-	1,285,948	729,297	-	2,015,245
Total net assets	6,417,410	3,256,023	3,368,827	13,042,260	-	-	6,417,410	3,256,023	3,368,827	13,042,260
Total liabilities and net assets	\$ 10,332,290	\$ 3,256,023	\$ 3,368,827	\$ 16,957,140	\$ -	\$ (112,617)	\$ 10,219,673	\$ 3,256,023	\$ 3,368,827	\$ 16,844,523

See Independent Auditors' Report and notes to the financial statements.



THE OHIO HISTORICAL SOCIETY AND AFFILIATE  
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

	Ohio Historical Society		Ohio Historical Society Foundation			
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT:</b>						
State appropriations:						
Operating subsidies:						
Capital projects	\$ 12,738,383	\$ -	\$ 12,738,383	\$ -	\$ -	\$ -
Government contracts and grants	2,958,354	-	2,958,354	-	-	-
Private contracts and grants	1,847,494	-	1,847,494	-	-	-
Contributions	132,933	-	132,933	-	-	-
Contributed materials and services	760,454	-	760,454	427,140	53,564	745,862
Other support	663,866	-	663,866	30,257	-	32,916
Total support	19,122,654	-	19,122,654	438,140	55,564	809,035
<b>REVENUE:</b>						
Sales	728,584	-	728,584	-	-	-
Investment income	229,408	-	229,408	-	-	-
Admissions and parking	650,290	-	650,290	137,753	15,933	274,980
Memberships and subscriptions	379,133	-	379,133	-	-	-
Special events	107,228	-	107,228	-	-	-
Program services income	444,086	-	444,086	-	-	-
Other revenue	120,804	-	120,804	-	-	-
Total revenue	2,659,533	-	2,659,533	137,753	15,933	274,980
Net assets released from restrictions	22,343	(22,343)	-	(527,793)	-	-
Total support and revenue	21,804,530	(22,343)	21,782,187	48,100	71,497	1,084,015
<b>EXPENSES:</b>						
Program expenses:						
Site operations, educational and interpretive programs	10,321,489	-	10,321,489	-	-	-
State archives and library	1,748,359	-	1,748,359	-	-	-
Historic preservation office	1,482,932	-	1,482,932	-	-	-
Capital projects	2,958,322	-	2,958,322	-	-	-
Support services:						
Management and general	4,134,089	-	4,134,089	44,061	-	44,061
Business ventures	700,935	-	700,935	-	-	-
Fundraising	409,380	-	409,380	30,257	-	30,257
Total expenses	21,785,506	-	21,785,506	74,318	-	74,318
Changes in net assets before changes related to collection items not capitalized and change in net unrealized gains and losses on investment	19,024	(22,343)	(3,319)	890,100	48,100	71,497
Collection items purchased but not capitalized	(36,928)	-	(36,928)	-	-	-
Net realized and unrealized gains (losses)	(6,728)	-	(6,728)	441,039	(3,354)	637,795
Changes in net assets before transfers	(24,632)	(22,343)	(46,975)	1,331,139	248,210	68,143
Transfer of fund restrictions	-	-	-	(476,168)	289,470	186,698
Transfers to Ohio Historical Society Foundation	-	-	-	(759,793)	-	(759,793)
Transfers to Ohio Historical Society	-	-	-	95,178	537,680	254,841
Change in net assets	(24,632)	(22,343)	(46,975)	4,013,816	2,957,653	3,368,827
NET ASSETS, beginning of year	2,403,594	298,370	2,701,964	4,013,816	3,368,827	10,340,296
NET ASSETS, end of year	\$ 2,378,962	\$ 276,027	\$ 2,654,989	\$ 4,108,994	\$ 3,495,333	\$ 11,227,925

	Combined Total			Intercompany Adjustments			Consolidated Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	OHIS	OHIS	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT:</b>										
State appropriations:										
Operating subsidies	\$ 12,738,383	\$ -	\$ -	\$ 12,738,383	\$ -	\$ -	\$ 12,738,383	\$ -	\$ -	\$ 12,738,383
Capital projects	2,958,354	-	-	2,958,354	-	-	2,958,354	-	-	2,958,354
Government contracts and grants	1,847,494	-	-	1,847,494	-	-	1,847,494	-	-	1,847,494
Private contracts and grants	132,933	-	-	132,933	-	-	132,933	-	-	132,933
Contributions	1,025,612	427,140	53,564	1,506,316	(759,783)	-	265,829	427,140	53,564	746,533
Contributed materials and services	694,123	-	-	694,123	-	-	694,123	-	-	694,123
Other support:	41,086	11,000	2,000	54,086	-	-	41,086	11,000	2,000	54,086
Total support	19,437,985	438,140	55,564	19,931,689	(759,783)	-	18,678,202	438,140	55,564	19,171,906
<b>REVENUE:</b>										
Sales	728,584	-	-	728,584	-	-	728,584	-	-	728,584
Investment income	350,702	137,753	15,933	504,388	-	-	350,702	137,753	15,933	504,388
Admissions and parking	650,290	-	-	650,290	-	-	650,290	-	-	650,290
Memberships and subscriptions	379,133	-	-	379,133	(7,500)	-	371,633	-	-	371,633
Special events	107,228	-	-	107,228	-	-	107,228	-	-	107,228
Program services income	444,086	-	-	444,086	-	-	444,086	-	-	444,086
Other revenue	120,804	-	-	120,804	-	-	120,804	-	-	120,804
Total revenue	2,780,827	137,753	15,933	2,934,513	(7,500)	-	2,774,327	137,753	15,933	2,927,013
Net assets released from restrictions	550,136	(550,136)	-	-	-	-	550,136	(550,136)	-	-
Total support and revenue	22,765,948	25,757	71,497	22,866,202	(767,283)	-	22,001,665	25,757	71,497	22,098,919
<b>EXPENSES:</b>										
Program expenses:										
Site operations, educational and interpretive programs	10,321,489	-	-	10,321,489	-	-	10,321,489	-	-	10,321,489
State archives and library	1,748,359	-	-	1,748,359	-	-	1,748,359	-	-	1,748,359
Historic preservation office	1,482,932	-	-	1,482,932	-	-	1,482,932	-	-	1,482,932
Capital projects	2,958,322	-	-	2,958,322	-	-	2,958,322	-	-	2,958,322
Support services:										
Management and general	4,178,150	-	-	4,178,150	-	-	4,178,150	-	-	4,178,150
Business ventures	730,935	-	-	730,935	-	-	730,935	-	-	730,935
Fundraising	439,637	-	-	439,637	(7,500)	-	432,137	-	-	432,137
Total expenses	21,859,824	-	-	21,859,824	(7,500)	-	21,852,324	-	-	21,852,324
Changes in net assets before changes related to collection items not capitalized and change in net unrealized gains and losses on investment	909,124	25,757	71,497	1,006,378	(767,283)	-	149,341	25,757	71,497	246,595
Collection items purchased but not capitalized	(36,928)	-	-	(36,928)	-	-	(36,928)	-	-	(36,928)
Net realized and unrealized gains (losses)	434,311	200,110	(3,354)	631,067	-	-	434,311	200,110	(3,354)	631,067
Changes in net assets before transfers	1,306,507	225,867	68,143	1,600,517	(767,283)	-	546,724	225,867	68,143	840,734
Transfer of fund restrictions	(476,168)	289,470	186,698	-	-	-	(476,168)	289,470	186,698	-
Transfers to Ohio Historical Society Foundation	(759,793)	-	-	(759,793)	-	-	(759,793)	-	-	-
Transfers to Ohio Historical Society	70,546	515,337	254,841	840,724	(767,283)	-	70,556	515,337	254,841	840,734
Change in net assets	6,417,410	3,256,023	3,368,827	13,042,260	-	-	6,417,410	3,256,023	3,368,827	13,042,260
NET ASSETS, beginning of year	\$ 6,487,956	\$ 3,771,360	\$ 3,623,468	\$ 13,882,984	\$ (767,283)	\$ (767,283)	\$ 6,487,966	\$ 3,771,360	\$ 3,623,468	\$ 13,882,984
NET ASSETS, end of year										

See Independent Auditors' Report and notes to the financial statements.



	Combined Total			Intercampany Adjustments			Consolidated Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	OHS	OLSE	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT:</b>										
State appropriations:										
Operating subsidies	\$ 12,488,385	\$ -	\$ -	\$ 12,488,385	\$ -	\$ -	\$ 12,488,385	\$ -	\$ -	\$ 12,488,385
Capital projects	1,982,862	-	-	1,982,862	-	-	1,982,862	-	-	1,982,862
Ohio Bicentennial Commission	-	56,419	-	56,419	-	-	-	56,419	-	56,419
Ohio Bicentennial Commission - other support	-	26,511	-	26,511	-	-	-	26,511	-	26,511
Government contracts and grants	1,553,007	-	-	1,553,007	-	-	1,553,007	-	-	1,553,007
Private contracts and grants	1,010,792	635,199	59,674	1,705,665	(641,115)	-	1,064,550	59,674	-	1,124,224
Contributions	806,224	-	-	806,224	-	-	806,224	-	-	806,224
Contributed materials and services	68,100	21,394	5,000	94,494	-	(39,520)	55,974	-	-	55,974
Other support	18,055,272	739,523	64,674	18,859,469	(641,115)	(39,520)	17,390,031	724,129	64,674	18,178,834
<b>REVENUE:</b>										
Sales	600,973	-	-	600,973	-	-	600,973	-	-	600,973
Investment income	192,556	89,896	-	282,452	-	-	192,556	89,896	-	282,452
Admissions and parking	622,778	-	-	622,778	-	-	622,778	-	-	622,778
Memberships and subscriptions	312,923	-	-	312,923	-	-	312,923	-	-	312,923
Special events	12,566	-	-	12,566	-	-	12,566	-	-	12,566
Program services income	518,971	-	-	518,971	-	-	518,971	-	-	518,971
Other revenue	122,978	-	-	122,978	-	-	122,978	-	-	122,978
Total revenue	2,383,745	89,896	-	2,473,641	-	-	2,383,745	89,896	-	2,473,641
Net assets released from restrictions	785,938	(785,938)	-	-	-	-	785,938	(785,938)	-	-
Total support and revenue	21,224,955	43,481	64,674	21,333,110	(641,115)	(39,520)	20,559,714	28,087	64,674	20,652,475
<b>EXPENSES:</b>										
Program expenses:										
Site operations, educational and interpretive programs	10,251,782	-	-	10,251,782	-	-	10,251,782	-	-	10,251,782
State archives and library	1,742,103	-	-	1,742,103	-	-	1,742,103	-	-	1,742,103
Historic preservation office	1,609,583	-	-	1,609,583	-	-	1,609,583	-	-	1,609,583
Capital projects	1,849,045	-	-	1,849,045	-	-	1,849,045	-	-	1,849,045
Ohio Bicentennial Commission	372,223	-	-	372,223	-	-	372,223	-	-	372,223
Support services:										
Management and general	2,842,467	-	-	2,842,467	-	-	2,842,467	-	-	2,842,467
Business ventures	318,604	-	-	318,604	-	-	318,604	-	-	318,604
Early retirement incentive program	94,476	-	-	94,476	-	-	94,476	-	-	94,476
Fundraising	392,552	-	-	392,552	-	-	392,552	-	-	392,552
Total expenses	19,472,835	-	-	19,472,835	-	-	19,472,835	-	-	19,472,835
Changes in net assets before changes related to collection items not capitalized and change in net unrealized gains and losses on investment	1,752,120	43,481	64,674	1,860,275	(641,115)	(39,520)	1,086,879	28,087	64,674	1,179,640
Collection items purchased but not capitalized	(30,721)	-	-	(30,721)	-	-	(30,721)	-	-	(30,721)
Net realized and unrealized gains (losses)	533,040	-	-	533,040	-	-	533,040	-	-	533,040
Changes in net assets before transfers	2,254,439	43,481	64,674	2,362,594	(641,115)	(39,520)	1,599,198	28,087	64,674	1,681,959
Transfer of fund restrictions	9,415	(120,000)	110,585	-	-	-	9,415	(120,000)	110,585	-
Transfers to Ohio Historical Society Foundation	(24,126)	(15,394)	-	(39,520)	(39,520)	-	-	-	-	-
Transfers to Ohio Historical Society	(641,115)	-	-	(641,115)	-	(641,115)	-	-	-	-
Change in net assets	1,598,613	(91,913)	175,259	1,681,959	(680,635)	(680,635)	1,598,613	(91,913)	175,259	1,681,959
NET ASSETS, beginning of year	4,818,797	3,347,936	3,193,568	11,360,301	-	-	4,818,797	3,347,936	3,193,568	11,360,301
NET ASSETS, end of year	6,417,410	3,256,023	3,368,827	13,042,260	(680,635)	(680,635)	6,417,410	3,256,023	3,368,827	13,042,260

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**Mary Taylor, CPA**  
Auditor of State

**OHIO HISTORICAL SOCIETY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 8, 2007**